

KHAI-MA

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2011

KHAI-MA MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	3
Report of the Chief Financial officer	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes In Net Assets	7
Cash Flow Statement	8
Accounting Policies	9
Notes to the Financial Statements	34 - 65
 APPENDICES	
A Schedule of External Loans	66
B Segmental Analysis of Property, Plant and Equipment	67
C Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	68

KHAI-MA MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Khai Ma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Khâl- Ma Municipality includes the following areas:

Pofadder
Pella
Omseepkans
Witbank
Aggeneys

MUNICIPAL MANAGER

Mr. IF Januarie

CHIEF FINANCIAL OFFICER

Mr. PJ van der Merwe

REGISTERED OFFICE

*P.O. Box 108
Pofadder
8890*

AUDITORS

The Auditor-General
Private Bag X5013
Kimberley
8300

PRINCIPLE BANKERS

The Standard Bank of S.A. Ltd
Pofadder Branch
P.O. Box 60
Pofadder
8890

ATTORNEYS

Matthews en Associates

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

KHAI-MA MUNICIPALITY

MEMBERS OF THE Khai Ma MUNICIPALITY

WARD

Ward 1
Ward 2
Ward 3
Ward 4
Proportional
Proportional
Proportional

COUNCILLOR

Councillor A.J. Jonas (Mayor)
Councillor H.J. Raman
Councillor P.A. van Heerden
Councillor S.T. Basson
Councillor L.H. van Rooi
Councillor S.M. Magerman
Councillor S. April

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 58 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I.F. Januarie

Municipal Manager

Date

INSERT ACCOUNTING POLICY

KHAI-MA MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net Assets		54 302 577	46 704 521
Housing Development Fund	2	14 078	13 362
Revaluation Reserve	3	4 144 813	4 177 127
Accumulated Surplus/(Deficit)		50 143 686	42 514 032
Non-Current Liabilities		6 212 419	5 543 475
Long-term Liabilities	4	73 942	242 900
Employee Benefits	5	2 968 962	2 310 466
Non-current Provisions	6	3 169 515	2 990 109
Current Liabilities		12 068 272	14 666 765
Consumer Deposits	7	59 290	54 448
Current Employee Benefits	8	626 684	566 236
Provisions	9	-	-
Payables from Exchange Transaction	10	5 004 434	4 301 648
Unspent Conditional Government Grants and Receipts	11	6 117 999	8 894 364
Unspent Conditional Public Contributions and Receipts	12	-	-
Taxes	13	-	-
Short-term Loans	14	-	-
Operating Lease Liability	24.1	-	-
Cash and Cash Equivalents	25	-	729 687
Current Portion of Long-term Liabilities	4	259 865	120 382
Total Net Assets and Liabilities		72 583 268	66 914 761
ASSETS			
Non-Current Assets		62 525 806	55 256 635
Property, Plant and Equipment	15	62 139 111	54 828 506
Non-Current Assets Held for Sale	16	-	-
Investment Property	17	-	-
Intangible Assets	18	386 695	428 129
Investments	19	-	-
Long-Term Receivables	20	-	-
Current Assets		10 057 462	11 658 126
Inventory	21	1 072 725	1 066 629
Trade Receivables from exchange transactions	22	1 300 459	1 258 528
Other Receivables from non-exchange transactions	23	1 041 614	1 707 227
Unpaid Conditional Government Grants and Receipts	11	-	-
Operating Lease Asset	24.2	-	-
Taxes	13	1 333 919	402 914
Current Portion of Long-term Receivables	20	-	-
Cash and Cash Equivalents	25	5 308 745	7 222 829
Total Assets		72 583 268	66 914 761

KHAI-MA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R Restated Balance	Change in Accounting Policy	2010 R Previously Reported
REVENUE					
Revenue from Non-exchange Transactions		31 283 675	13 684 338	-	13 684 338
Taxation Revenue		1 790 238	1 602 143	-	1 602 143
Property taxes	26	1 790 238	1 602 143	-	1 602 143
Transfer Revenue		29 472 002	12 056 865	-	12 056 865
Government Grants and Subsidies	27	29 211 620	12 053 865	-	12 053 865
Public Contributions and Donations	28	260 382	3 000	-	3 000
Contributed Property, Plant and Equipment	29	-	-	-	-
Other Revenue		21 435	25 330	-	25 330
Fines		21 435	25 330	-	25 330
Third party payments		-	-	-	-
Stock adjustments		-	-	-	-
Actuarial Gains	6	-	-	-	-
Changes in Fair Value	30.1	-	-	-	-
Other	31	-	-	-	-
Revenue from Exchange Transactions		8 133 345	6 439 894	-	6 439 894
Property Rates - penalties imposed and collection charges		-	-	-	-
Service Charges	32	5 723 992	4 970 526	-	4 970 526
Rental of Facilities and Equipment		118 100	105 617	-	105 617
Interest Earned - external investments		423 934	243 593	-	243 593
Interest Earned - outstanding debtors		617 326	754 406	-	754 406
Licences and Permits		24 265	15 731	-	15 731
Income for Agency Services		104 707	101 453	-	101 453
Other Income	33	1 121 021	248 568	-	248 568
Unamortised discount - Interest	34	-	-	-	-
Total Revenue		39 417 020	20 124 232	-	20 124 232
EXPENDITURE					
Employee related costs	35	5 769 670	5 171 013	-	5 171 013
Remuneration of Councillors	36	1 399 009	1 279 461	-	1 279 461
Debt Impairment	37	1 575 267	2 696 483	-	2 696 483
Collection costs		-	-	-	-
Increase in Provision for Rehabilitation of Landfill Site		-	-	(238 727)	238 727
Depreciation and Amortisation		1 756 003	1 821 687	381 695	1 439 993
Impairments	38	46 269	3 835	-	3 835
Repairs and Maintenance		1 015 061	789 943	-	789 943
Unamortised discount - Interest	34	451 718	498 930	-	498 930
Actuarial losses	6	474 957	-	-	-
Finance Charges	39	447 516	530 571	169 251	361 319
Bulk Purchases	40	4 002 992	3 163 904	-	3 163 904
Contracted services		210 313	243 601	-	243 601
Grants and Subsidies Paid	41	-	-	-	-
Donations		47 702	68 044	-	68 044
General Expenses	42	14 725 487	5 889 093	-	5 889 093
Changes in Fair Value	30.2	-	-	-	-
Total Expenditure		31 921 965	22 156 564	312 219	21 844 345
Operating Surplus for the Year		7 495 055	(2 032 332)	(312 219)	(1 720 113)
Loss on disposal of Property, Plant and Equipment		-	-	-	-
Gain on disposal of Property, Plant and Equipment		-	-	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		7 495 055	(2 032 332)	(312 219)	(1 720 113)
Refer to Appendix E(1) for explanation of variances					

KHAI-MA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Housing Development Fund	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2009	12 641	4 353 078	35 106 051	39 471 770
Net Surplus/(Deficit) for the year			(2 032 332)	(2 032 332)
Change in Accounting Policy - Note 43.4			9 265 083	9 265 083
Revaluation of PPE		-		-
Donated/contributed PPE			-	-
Property, Plant and Equipment purchased			-	-
Capital Grants used to purchase PPE			-	-
Transfer to Housing Development Fund	721		(721)	-
Asset Disposals			-	-
Offsetting of depreciation		(175 951)	175 951	-
Balance at 30 JUNE 2010	13 362	4 177 127	42 514 032	46 704 521
Correction of Error - Note 43.4	-	-	-	-
Restated balance	13 362	4 177 127	42 514 032	46 704 521
Net Surplus/(Deficit) for the year			7 495 055	7 495 055
Transfer to/from CRR			-	-
Revaluation of PPE		103 000		103 000
Property, Plant and Equipment purchased			-	-
Capital Grants used to purchase PPE			-	-
Transfer to Housing Development Fund	716		(716)	-
Write-offs			-	-
Asset Disposals		-	-	-
Offsetting of depreciation		(135 314)	135 314	-
Balance at 30 JUNE 2011	14 078	4 144 813	50 143 686	54 302 577

KHAI-MA MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		6 862 453	9 638 408
Government - operating		29 211 620	12 053 865
Government - capital			
Interest		1 041 260	997 999
Dividends		-	-
Payments			
Suppliers and employees		(28 380 681)	(10 357 289)
Finance charges		(447 516)	(530 571)
Transfers and Grants		-	-
Cash generated/(absorbed) by operations	44	8 287 137	6 653 536
Interest Received		423 934	243 593
Interest Paid		(447 516)	(530 571)
Net Cash from Operating Activities		8 263 554	6 366 559
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(8 947 785)	(1 409 154)
Proceeds on Disposal of Fixed Assets		-	-
(Increase)/Decrease in Intangible Assets		(23 815)	(433 668)
(Increase)/Decrease in Long-term Receivables		-	-
(Increase)/Decrease in Non-current Investments		-	-
Net Cash from Investing Activities		(8 971 601)	(1 842 822)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(481 193)	(559 942)
Increase/(Decrease) in Consumer Deposits		4 842	6 681
Net Cash from Financing Activities		(476 351)	(553 261)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1 184 398)	3 970 476
Cash and Cash Equivalents at the beginning of the year		6 493 142	2 522 666
Cash and Cash Equivalents at the end of the year	45	5 308 745	6 493 142
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1 184 398)	3 970 476

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
2 HOUSING DEVELOPMENT FUND		
Housing Development Fund	14 078	13 362
Unappropriated Surplus	14 078	13 362
Loans extinguished by Government on 1 April 1998	-	-
Total Housing Development Fund Assets and Liabilities	14 078	13 362
3 NET ASSET RESERVES		
RESERVES	4 144 813	4 177 127
Capital Replacement Reserve	-	-
Capitalisation Reserve	-	-
Government Grant Reserve	-	-
Donations and Public Contribution Reserve	-	-
Self Insurance Reserve	-	-
Revaluation Reserve	4 144 813	4 177 127
Total Net Asset Reserve and Liabilities	4 144 813	4 177 127
4 LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	399 885	962 966
Capitalised Lease Liability - At amortised cost	90 907	9 019
	490 792	971 985
Less: Current Portion transferred to Current Liabilities	(259 865)	(120 382)
Annuity Loans - At amortised cost	(242 900)	(111 363)
Capitalised Lease Liability - At amortised cost	(16 965)	(9 019)
	230 927	851 603
Less: Unamortised charges on loans	(156 985)	(608 703)
Balance 1 July	(608 703)	(1 107 633)
Adjustment for the period - Note 33	451 718	498 930
Restatement of prior year comparatives - Note 44	-	-
Total Long-term Liabilities - At amortised cost using the effective interest rate method	73 942	242 900

Annuity loans at amortised cost is calculated at 5%-14% interest rate, with first maturity date of 29 February 2012 and last maturity date of 30 June 2012. The schedule of contractual maturity analysis for Annuity Loans:

	2011 R	2010 R
The obligations under annuity loans are scheduled below:		
	Minimum	
	annuity payments	
Amounts payable under annuity loans:		
Payable within one year	409 612	602 009
Payable within two to five years	-	409 612
Payable after five years	-	-
	409 612	1 011 621
Less: Future finance obligations	(9 727)	(48 656)
Present value of annuity obligations	399 885	962 966

The obligations under finance leases are scheduled below:

	2011 R	2010 R
	Minimum	
	lease payments	
Amounts payable under finance leases:		
Payable within one year	25 992	9 160
Payable within two to five years	88 806	-
Payable after five years	-	-
	114 798	9 160
Less: Future finance obligations	(23 891)	(140)
Present value of lease obligations	90 907	9 019

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. Leases are secured by property, plant and equipment - Note 15

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5		2011 R	2010 R
	EMPLOYEE BENEFITS		
	Provision for Post Retirement Benefits	2 968 962	2 310 466
		2 968 962	2 310 466
	<u>Post Retirement Benefits</u>		
	Balance 1 July	2 408 727	2 233 884
	Contribution for the year	287 831	266 103
	Expenditure for the year	(98 261)	(91 260)
	Actuarial Loss/(Gain)	474 957	-
	Total provision 30 June	3 073 254	2 408 727
	Less: Transfer of Current Portion to Current Provisions - Note 8	(104 292)	(98 261)
	Balance 30 June	2 968 962	2 310 466
5.1	Provision for Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	9	11
	In-service (employee) non-members	35	
	Continuation members (e.g. Retirees, widows, orphans)	4	4
	Total Members	48	15
		2011 R	2010 R
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	1 384 537	-
	Continuation members	1 688 717	-
	Total Liability	3 073 254	2 408 727
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2009 R	2008 R
	In-service members	793 761	
	Continuation members	1 440 123	
		2 233 884	1 487 905
	The municipality makes monthly contributions for health care arrangements to the following medical aid		
	LA Health		
	Key Health		
	The Current-service Cost for the ensuing year is estimated to be R 106,673 (2010: R 70,293), whereas the Interest Cost for the next year is estimated to be R 260,400 (2010: R 217,500).		
	Key actuarial assumptions used:	2011 %	2010 %
	i) Rate of interest		
	Discount rate	8.62%	9.22%
	Health Care Cost Inflation Rate	7.31%	7.67%
	Net Effective Discount Rate	1.22%	1.43%
	ii) Mortality rates		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
	iii) Normal retirement age		
	The normal retirement age for employees of the municipality is 63 years.		
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	3 073 254	2 408 727
	Fair value of plan assets	-	-
		3 073 254	2 408 727
	Present Value of unfunded obligations	-	-
	Net liability/(asset)	3 073 254	2 408 727
	The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		
	Reconciliation of present value of fund obligation:		
	Present value of fund obligation at the beginning of the year	2 408 727	2 233 884
	Total expenses	189 570	174 843
	Current service cost	70 293	64 362
	Interest Cost	217 538	201 741
	Benefits Paid	(98 261)	(91 260)
	Actuarial (gains)/losses	474 957	-
	Present value of fund obligation at the end of the year	3 073 254	2 408 727

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	1385	1689	3 074	

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Liability (Rm)	% change
Health Care inflation	+1 %	1 684	1 896	3 580	16.00%
Health Care inflation	-1 %	1 148	1 514	2 662	-13.00%
Post Retirement Mortality	- 1 yr	1 430	1 749	3 179	3.00%
Average retirement age	- 1 yr	1 510	1 689	3 199	4.00%
Withdrawal rates	- 50 %	1 492	1 689	3 181	3.00%

5.1 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2009 - 100%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2010 financial year.

Contributions paid recognised in the Statement of Financial Performance	149 860	169 877
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CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2009 - 103.3%).

Contributions paid recognised in the Statement of Financial Performance	-	-
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DEFINED CONTRIBUTION PLANS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	-	-
Municipal Councillors Pension Fund	59 090	162 056
IMATU Retirement Fund	53 193	47 950
SAMWU National Provident Fund	416 486	385 760
	528 769	595 766

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

6	NON-CURRENT PROVISIONS	2011	2010
		R	R
	Provision for Rehabilitation of Landfill-sites	3 169 515	2 990 109
	Total Non-current Provision Liabilities	3 169 515	2 990 109
	<u>Landfill Sites</u>		
	Balance previously reported 1 July	2 990 109	2 750 000
	Change in Accounting Policy - Change in Opening Balance		70 857
	Restated Balance		2 820 857
	Contribution for the year	179 407	169 251
	Expenditure for the year	-	-
	Total provision 30 June	3 169 515	2 990 109
	Less: Transfer of Current Portion to Current Provisions - Note 8	-	-
	Balance 30 June	3 169 515	2 990 109
	In terms of the licensing of the landfill refuse site, the municipality will incur rehabilitation costs in future to restore the sites at the end of their useful lives, estimated to be in 2015. Provision has been made for closing- and rehabilitation costs till date. The municipality is in process to calculate the projected cost of rehabilitation in 2015.		
	<u>TOTAL NON-CURRENT PROVISIONS</u>		
	Balance 1 July	2 990 109	2 820 857
	Contribution for the year	179 407	169 251
	Expenditure for the year	-	-
	Actuarial Loss/(Gain)	-	-
	Total provision 30 June	3 169 515	2 990 109
	Less: Transfer of Current Portion to Current Provisions - Note 8	-	-
	Balance 30 June	3 169 515	2 990 109
		2011	2010
		R	R
7	CONSUMER DEPOSITS		
	Water and Electricity	59 290	54 448
	Total Consumer Deposits	59 290	54 448
	The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
	Guarantees held in lieu of Water Deposits	-	-
8	CURRENT EMPLOYEE BENEFITS	2011	2010
		R	R
	Performance Bonuses	-	-
	Staff Leave	522 392	467 975
	Balance previously reported	522 392	467 975
	Change in accounting policy - refer note	-	-
	Current Portion of Non-Current Employee Benefits	104 292	98 261
	Current Portion of Post Retirement Benefits - Note 6	104 292	98 261
	Total Employee Benefits	626 684	566 236

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
	The movement in current provisions are reconciled as follows:		
	<u>Staff Leave</u>		
	Balance at beginning of year	467 975	475 941
	Contribution to provision	178 094	198 664
	Expenditure incurred	(123 677)	(206 629)
	Balance at end of year	522 392	467 975
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
9	PROVISIONS		
	Current Portion of Non-Current Provisions - Note 6	-	-
	Total Provisions	-	-
10	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Payments received in advance	125 546	117 610
	Sundry Creditors		
	Other Creditors	4 878 887	4 184 038
	Deposits: Other	-	-
	Total Trade Payables	5 004 434	4 301 648
11	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
11.1	<i>Conditional Grants from other spheres of Government</i>		
	Unspent Grants	6 117 999	8 894 364
	National and Provincial Government Grants	6 117 999	8 894 364
	Correction of error - Note		
	Restated balance 30 June 2007	6 117 999	8 894 364
	Less: Unpaid Grants	-	-
	National Government Grants	-	-
	Provincial Government Grants	-	-
	Other Sources	-	-
	Total Conditional Grants and Receipts	6 117 999	8 894 364
	See appendix "F" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. Unspent Grants not cash-banked on 30 June 2010 amounts to R 1 096 575 (2010: R1 871 641). The remaining Unspent Grants are cash-backed by term deposits.		
12	UNSPENT CONDITIONAL PUBLIC CONTRIBUTIONS AND RECEIPTS		
	Unspent augmentation fees from developers	-	-
13	TAXES		
	VAT Payable	-	-
	VAT Receivable	1 333 919	402 914
14	SHORT-TERM LOANS		
	The Municipality has no short term loans.		

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
15	PROPERTY, PLANT AND EQUIPMENT		
	See attached sheet		

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2011 R	2010 R
	Third party payments received for losses incurred:		
	Payments received (Excluding VAT)	-	-
	Carrying value of assets written off/lost	-	-
	Surplus/Deficit	-	-
		2011 R	2010 R
	Impairment of property plant and equipment		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Land and Buildings	10 524	-
	Infrastructure	13 507	-
	Community Assets	-	-
	Lease Assets	3 813	-
	Heritage	-	-
	Other	19 388	135
		47 233	135
	Cumulative impairment charges included in major balances		
	Land and Buildings	6 977 191	6 966 666
	Infrastructure	40 734	27 227
	Community Assets	767 794	767 794
	Lease Assets	3 813	-
	Heritage	-	-
	Other	180 644	161 256
		7 970 175	7 922 942
	Effect of changes in accounting estimates	2011 R	2011 R
	Effect on Property, plant and equipment	-	-
		-	-
	Details of property plant and equipment carried at fair value		
	Reconciliation of revaluation surplus:		
	Opening balance	4 177 127	4 353 078
	Movement for the period	(32 314)	(175 951)
	Closing balance	4 144 813	4 177 127
16	NON-CURRENT ASSETS HELD FOR SALE		
	Non-current assets held for sale at gebinning of year - at book value	-	-
	Additions for the year	-	-
	Non-current assets sold/written off during the year	-	-
	Non-current assets held for sale at end of year - at book value	-	-
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 61		

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

17

INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost
Accumulated Depreciation
Transfer to Property, Plant and Equipment - Note 15

Cost
Accumulated Depreciation

Acquisitions
Depreciation for the year

Net Carrying amount at 30 June

Cost
Accumulated Depreciation

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 61

2011
R

2010
R

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

Revenue derived from the rental of investment property

Operating expenditure incurred on properties generating revenue

Operating expenditure incurred on properties not generating revenue

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Estimated Fair Value of Investment Property at 30 June

2011 R	2010 R
-	-
-	-
-	-
-	-
-	-

18

INTANGIBLE ASSETS

Net Carrying amount at 1 July

Cost
Accumulated Amortisation
Acquisitions
Amortisation
Impairments
Disposals
Amortisation written back on disposal

Net Carrying amount at 30 June

Cost
Accumulated Amortisation

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 59

No intangible asset were assted having an indefinite useful life.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual contractual commitments for the acquisition of intangible assets.

428 129 -

433 668	-
(5 539)	-
23 815	433 668
(63 056)	(5 539)
(2 193)	-
-	-
-	-
386 695	428 129
454 851	433 668
(68 156)	(5 539)

19

INVESTMENTS

Financial Instruments

Unlisted

Long term deposits

Total Investments

No investments have been pledged as security for any funding facilities of the council.

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

-	-
-	-

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
20	LONG TERM RECEIVABLES		
	Staff Car Loans - At amortised cost	-	-
	Less: Unamortised Discount on Loans	-	-
	Balance 1 July		
	Adjustment for the period		
	Change in Accounting Policy - Note 42.3		
	Less: Current portion transferred to current receivables		
	Staff Car Loans - At amortised cost	-	-
	Less: Provision for Impairment of Long Term Receivables		
	Total Long Term Receivables	-	-
21	INVENTORY		
	Housing-Inventory held for transfer	1 041 500	1 051 850
	Consumable Stores	13 507	-
	Water - At purification cost	17 718	14 779
	Total Inventory	1 072 725	1 066 629
	Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
22	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Electricity	362 793	382 578
	Water	2 866 170	2 207 636
	Refuse	1 051 466	824 117
	Sewerage	1 136 565	892 821
	Recognition - Water debt	97 198	90 060
	Recognition - Electricity debt	43 257	56 801
	Recognition - Sewerage dept	1 069	825
	Other Receivables	315 062	304 205
	Total: Trade receivables from exchange transactions (before provision)	5 873 580	4 759 043
	Provision for Impairments	(4 573 121)	(3 500 515)
	Total: Trade receivables from exchange transactions (after provision)	1 300 459	1 258 528
	The fair value of other receivables approximate their carrying value.		
	<u>(Electricity, Water, Refuse and Sewerage): Ageing</u>		
	Current (0 - 30 days)	-	1
	Previous	586 795	516 141
	31 - 60 Days	328 492	257 570
	61 - 90 Days	368 451	275 324
	+ 90 Days	4 133 256	3 258 115
	Total	5 416 994	4 307 152
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	-	-
	Previous	139 167	-
	31 - 60 Days	34 142	-
	61 - 90 Days	26 477	-
	+ 90 Days	163 007	-
	Total	362 793	382 578
	<u>(Water): Ageing</u>		
	Current (0 - 30 days)	-	-
	Previous	274 355	-
	31 - 60 Days	214 424	-
	61 - 90 Days	259 344	-
	+ 90 Days	2 118 046	-
	Total	2 866 170	2 207 636

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	-	-
Previous	64 226	-
31 - 60 Days	36 494	-
61 - 90 Days	39 743	-
+ 90 Days	911 003	-
Total	1 051 466	824 117
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	-	-
Previous	109 047	-
31 - 60 Days	43 432	-
61 - 90 Days	42 886	-
+ 90 Days	941 200	-
Total	1 136 565	892 821

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 JUNE 2011			
Current (0 - 30 days)	-	-	-
Previous	485 256	76 293	25 247
31 - 60 Days	288 852	28 267	11 519
61 - 90 Days	340 373	19 785	8 147
+ 90 Days	3 888 929	216 313	28 014
Sub-total	5 003 409	340 657	72 928
Less: Provision for bad debts	(4 281 608)	(291 513)	-
Total debtors by customer classification	721 801	49 144	72 928

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 JUNE 2010			
Current (0 - 30 days)	1	-	-
Previous	424 087	73 162	18 892
31 - 60 Days	242 123	11 154	4 294
61 - 90 Days	262 521	10 760	2 043
+ 90 Days	3 185 904	70 114	2 098
Sub-total	4 114 635	165 189	27 327
Less: Provision for bad debts	(3 365 405)	(135 110)	-
Total debtors by customer classification	749 230	30 079	27 327

Reconciliation of Provision for Bad Debts

	2011 R	2010 R
Balance at beginning of year	3 500 515	4 548 711
Contribution to provision	1 077 444	2 692 637
Bad Debts (written off)	(4 838)	(3 740 832)
Balance at end of year	4 573 121	3 500 515

The total amount of this provision is R 5,727,470 and consist of:

	2011 R	2010 R
Service Charges	5 629 197	3 500 515
Other Debtors	98 274	-
Total Provision for Bad Debts on Trade Receivables from exchange transactions	5 727 470	3 500 515

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

23

OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2011 R	2010 R
Taxes - Rates	1 275 990	1 026 964
Other Debtors	325 985	723 725
Irregular, Fruitless and Wasteful Expenditure - Receivables	32 917	32 917
Suspense Accounts	56 468	75 543
VAT		
	1 691 361	1 859 150
Less: Provision for bad debts	(649 746)	(151 923)
Total Other Receivables from non-exchange transactions	1 041 614	1 707 227

The fair value of other receivables approximate their carrying value.

(Rates): Ageing

Current (0 - 30 days)	-	1
Previous	44 707	35 290
31 - 60 Days	20 544	16 275
61 - 90 Days	57 601	14 722
+ 90 Days	1 153 139	960 676
Total	1 275 990	1 026 964

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 JUNE 2011			
Current (0 - 30 days)	-	-	
Previous	32 101	12 484	121
31 - 60 Days	12 528	7 895	121
61 - 90 Days	46 568	10 885	148
+ 90 Days	1 026 101	123 149	3 889
Sub-total	1 117 299	154 414	4 278
Less: Provision for bad debts	(570 853)	(78 893)	
Total debtors by customer classification	546 446	75 520	4 278

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 JUNE 2010			
Current (0 - 30 days)	-	-	
Previous	25 788	9 278	224
31 - 60 Days	11 410	4 642	223
61 - 90 Days	9 881	4 604	237
+ 90 Days	890 643	65 284	4 749
Sub-total	937 721	83 809	5 433
Less: Provision for bad debts	(139 459)	(12 464)	
Total debtors by customer classification	798 263	71 345	5 433

	2011 R	2010 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	151 923	1 556 122
Contribution to provision	497 823	3 845
Bad Debts (written off)	-	(1 408 044)
Balance at end of year	649 746	151 923

The total amount of this provision is R 816 630 and consist of:

Rates	649 746	151 923
Total Provision for Bad Debts on Trade Receivables from non-exchange transactions	649 746	151 923

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

		2011 R	2010 R
24	OPERATING LEASE ARRANGEMENTS		
24.1	The Municipality as Lessee		
	Leases not previously recognised - Note	-	-
	Balance on 30 June	-	-
	At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
	Up to 1 Year	-	-
	1 to 5 Years	-	-
	More than 5 Years	-	-
	Total Operating Lease Arrangements	-	-
	Reconciliation		
	Amount previously recorded (Through change in accounting policy)	-	-
	Change in accounting policy - Note	-	-
	Movement during the year	-	-
	Balance on 30 June	-	-
24.2	The Municipality as Lessor		
	Leases not previously recognised - Note	-	-
	Balance on 30 June	-	-
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	80 787	82 470
	1 to 5 Years	359 521	287 319
	More than 5 Years	-	-
	Total Operating Lease Arrangements	440 308	369 789
	Reconciliation		
	Amount previously recorded (Through change in accounting policy)	-	-
	Change in accounting policy - Note	-	-
	Movement during the year	-	-
	Balance on 30 June	-	-
25	CASH AND CASH EQUIVALENTS		
	Assets		
	Call Investments Deposits		
	Watersupply Pofadder (007)	6 750	9 242
	Municipal System Improvement Grant (007)	616 265	29 941
	Leave Gratuity (007)	-	-
	Library (007)	42 727	14 296
	Housingfund (007)	13 362	13 362
	Refuse Site (007)	41 764	41 764
	LGSETA (007)	24 751	24 751
	Other Deposits	200 000	200 000
	NDFT Fencing of graveyards (007)	9 181	9 181
	SKEP -Hikingtrail (007)	-	-
	Namakwa District Municipality	154 151	-
	Project Nala	171 892	-
	Build of 30 Houses (013)	-	0
	Municipal Infrastructure Grant (007)	3 676 263	6 633 471
	Finance Management Grant (010)	-	2 296
	Municipal Infrastructure Grant (L-Gov) 016	64 318	244 425
	Primary Bank Account	287 220	-
	Cash Floats	100	100
	Total Cash and Cash Equivalents - Assets	5 308 745	7 222 829
	Liabilities		
	Primary Bank Account	-	729 687
	Total Cash and Cash Equivalents - Liabilities	-	729 687

Call Investments Deposits are held to fund the Unspent Conditional Grants.

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
The municipality has the following bank accounts:		
Current Accounts		
Standard Bank Limited – Pofadder Branch Account Number 04 185 0173	287 220	(729 687)
	287 220	(729 687)
Standard Bank Limited – Pofadder Branch Account Number 04 185 0173		
Cash book balance at beginning of year	(729 687)	(555 619)
Cash book balance at end of year	287 220	(729 687)
Bank statement balance at beginning of year	(640 411)	(503 537)
Bank statement balance at end of year	616 364	(640 411)
The Municipality has a bank overdraft facility of R700,000. R200,000 of the call account balance is pledged as security for the overdraft facility..		

26

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential / Commercial Property
Agricultural Purposes
State - National / Provincial Services

8 598 835	7 818 958
3 047 914	2 732 881
5 550 920	5 086 078
-	-
(6 808 597)	(6 216 815)
1 790 238	1 602 143

Less: Rebates

Total Assessment Rates

Valuations - 1 JULY 2010

Rateable Land and Buildings

Residential / Commercial Property
Agricultural Purposes
State - National / Provincial Services

358 284 780	355 326 530
118 275 230	238 614 980
231 069 650	108 508 950
8 939 900	8 202 600
(283 691 529)	(282 566 338)
74 593 251	72 760 192

Less: Income Forgone

Total Assessment Rates

The applicable rates that are applied to property valuations to determine assessment rates are as follows:-
Agricultural land - 0.000903 cents per rand, land and improvements -0.024 cents per rand. A discount of 20% was granted to the State

27

GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	9 566 229	7 682 876
DWAF operating grants	-	-
DWAF capital grants	23 213	15 450
Finance management grant	2 558 934	2 027 716
Library	216 910	199 082
NDM operating grant	102 810	518 789
NDM capital grant	878 692	621 426
MSIG	124 795	220 059
Extention Library	85 306	196 530
MIG- Upgrading of sewerage	7 209 361	259 375
MIG - Project Management Unit	52 000	-
Department of Housing and Local Government	160 442	72 921
COGSTA - Nala Project	113 440	-
EPWP	14 508	-
Department of Housing and Local Government: Housing	7 815 540	206 015
DBSA-Hiking trail	-	12 169
LG Seta	-	21 458
Other grants	289 440	-
Total Government Grants and Subsidies	29 211 620	12 053 865

The municipality does not expect any significant changes to the level of grants.

Unspend conditional Dora, specific grants are instructed by use to conditions contain in the grant business plan where the grants are unspent or not committed such funds will be reverred back to National Treasury.

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

28

PUBLIC CONTRIBUTIONS AND DONATIONS

Black Mountain	260 382	1 000
BVI Engineers	-	2 000
	260 382	3 000

29

CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT

Land Affairs - Land	-	-
	-	-

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
30	CHANGES IN FAIR VALUE		
30.1	Transactions that gives an increase in surplus		
	Fair value changes in Investment Properties		
	Unamortised discount - Interest		
	Total changes in fair value	-	-
30.2	Transactions that gives an decrease in surplus		
	Unamortised discount - Interest		
	Fair value changes in Investment Properties		
	Total changes in fair value	-	-
31	OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS		
	None		
32	SERVICE CHARGES		
	Electricity	3 341 144	2 905 149
	Service Charges	3 674 920	3 151 617
	Less: Income Forgone	(333 776)	(246 468)
	Water	1 353 703	1 112 142
	Service Charges	4 519 013	3 658 322
	Less: Income Forgone	(3 165 311)	(2 546 180)
	Refuse Removal	422 216	377 429
	Service Charges	1 503 817	1 317 431
	Less: Income Forgone	(1 081 602)	(940 002)
	Sewerage and Sanitation Charges	606 930	575 806
	Service Charges	1 655 958	1 534 708
	Less: Income Forgone	(1 049 028)	(958 902)
	Other Service Charges - Private Works	-	
	Total Service Charges	5 723 992	4 970 526
33	OTHER INCOME		
	Tariff Charges other	1 121 021	248 568
	Sale of erven	-	-
	Total Other Income	1 121 021	248 568
34	UNAMORTISED DISCOUNT - INTEREST		
	Annuity Loans - Note 4	451 718	498 930
	Total Unamortised Discount - Interest	451 718	498 930

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

35

EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	4 027 422	3 500 659
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	663 596	614 515
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	290 612	368 925
Housing Benefits and Allowances	16 395	29 015
Overtime Payments	393 391	260 688
Bonuses	228 129	225 445
Provision for leave	178 094	198 664
Provision for leave	-	-
Contribution to provision - Post Retirement Medical - Note 8	(27 968)	(26 898)
	<u>5 769 670</u>	<u>5 171 013</u>
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	<u>5 769 670</u>	<u>5 171 013</u>

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Annual Remuneration	240 000	299 977
Performance Bonuses	-	-
Bonus	-	18 326
Leave Pay	-	71 013
Car Allowance	-	29 012
Housing benefits and other allowances	4 000	8 440
Contributions to UIF, Medical and Pension Funds	499	18 439
Total	<u>244 499</u>	<u>445 207</u>

Remuneration of the Chief Finance Officer

Annual Remuneration	225 085	207 490
Performance Bonuses	-	-
Bonus	18 757	16 908
Leave Pay	54 921	-
Car Allowance	94 482	93 150
Housing benefits and other allowances	5 683	5 683
Contributions to UIF, Medical and Pension Funds	72 398	66 175
Total	<u>471 326</u>	<u>389 406</u>

Remuneration of Director : Community and Social Services

Annual Remuneration	-	129 331
Performance Bonuses	-	-
Bonus	-	18 536
Car Allowance	-	43 097
Leave Pay	-	34 097
Housing benefits and other allowances	-	11 209
Contributions to UIF, Medical and Pension Funds	-	998
Total	<u>-</u>	<u>237 268</u>

Remuneration of Director : Corporate and Support Services

Annual Remuneration	-	194 971
Acting Remuneration	-	49 250
Performance Bonuses	-	-
Bonus	-	15 888
Car Allowance	-	81 912
Leave Pay	-	60 248
Housing benefits and other allowances	-	16 899
Contributions to UIF, Medical and Pension Funds	-	1 497
Total	<u>-</u>	<u>420 665</u>

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
36	REMUNERATION OF COUNCILLORS		
	Mayor	349 782	337 639
	Councillors	632 447	558 820
	Travelling Allowances.	335 770	311 513
	Cell Phone Allowances	81 010	71 489
	Total Councillors' Remuneration	1 399 009	1 279 461
	<i>In-kind Benefits</i>		
	The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.		
37	DEBT IMPAIRMENT		
	Trade Receivables from exchange transactions - Note 22	1 077 444	2 692 637
	Long-term Receivables - Note 20	-	-
	Other Receivables from non-exchange transactions - Note 23	497 823	3 845
	Total Contribution to Bad Debts Provision	1 575 267	2 696 483
38	IMPAIRMENTS		
	Property, Plant and Equipment	46 269	135
	Inventory	-	3 700
		46 269	3 835
39	FINANCE CHARGES		
	Long-term Liabilities	44 328	70 656
	Employee Benefits	217 538	201 741
	Rehabilitation of Landfil Sites		169 251
	Overdraft Facilities	185 650	88 922
	Total finance charges	447 516	530 571
40	BULK PURCHASES		
	Electricity	2 666 292	2 102 689
	Water	1 336 700	1 061 215
	Total Bulk Purchases	4 002 992	3 163 904
41	GRANTS AND SUBSIDIES PAID		
	Grants-in-aid and Donations	-	-
	Institutions	-	-
	Total Grants and Susidies	-	-
42	GENERAL EXPENSES		
	Advertisements	-	7 936
	Audit Fees	899 692	459 071
	Bank Charges	97 595	93 983
	Cleansing	-	10 638
	Commission - sale of electricity	-	22 048
	Electricity	625 410	526 889
	Fuel Vehicles	449 885	367 315
	Insurance	354 907	298 912
	Legal Fees	63 689	393 055
	Materials	77 789	75 743
	Membership Fees	107 711	117 855
	Postage and Telephone	302 653	285 010
	Printing and Stationary	127 465	95 891
	Travel Expenses	478 394	451 995
	Uniforms and Protective Clothing	20 915	11 268
	Other Projects	11 119 383	2 671 483
	Total General Expenses	14 725 487	5 889 093

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2010	2009
		R	R
43	CHANGE IN ACCOUNTING POLICY		
43.1	Non-Current Provisions		
	Balance previously reported	2 988 727	2 750 000
	Implementation of GRAP		
	Reversal of current year contribution - Statement of Financial Performance	(238 727)	-
	Revised current year contribution - Statement of Financial Performance	169 251	-
	Change in the method used to calculate the Provision for Rehabilitation of Landfill Sites	70 857	70 857
	Restated Balance	2 990 109	2 820 857
43.2	Property, Plant and Equipment - Cost Price		
	Balance previously reported	60 706 203	59 304 229
	First-time recognition of Landfill Site	2 661 186	2 661 186
	First-time recognition of Land received from other government departments	2 453 244	2 453 244
	Total	65 820 633	64 418 659
43.3	Property, Plant and Equipment - Accumulated Depreciation		
	Balance previously reported	(14 831 944)	(13 404 535)
	Implementation of GRAP		
	Accumulated depreciation with regards to Landfill Site recognised for the first time	(380 169)	(380 169)
	Revised current year depreciation - Statement of Financial Performance	(380 169)	-
	Backlog depreciation recognised with regards to infrastructure assets	4 596 479	4 596 479
	Accumulated depreciation with regards to other loose assets restated	5 201	5 201
	Revised current year depreciation - Statement of Financial Performance	(1 525)	-
	Total	(10 992 128)	(9 183 024)
43.4	Accumulated Surplus		
	Balance previously reported	33 561 168	35 106 051
	Accumulated depreciation with regards to Landfill Site recognised for the first time	(380 169)	(380 169)
	Revised current year depreciation - Statement of Financial Performance	(380 169)	-
	Backlog depreciation recognised with regards to infrastructure assets	4 596 479	4 596 479
	Accumulated depreciation with regards to other loose assets restated	5 201	5 201
	Revised current year depreciation - Statement of Financial Performance	(1 525)	-
	First-time recognition of Land received from other government departments	2 453 244	2 453 244
	Derecognition of previous provision for rehabilitation of Landfill Site	2 750 000	2 750 000
	Reversal of current year contribution - Statement of Financial Performance	238 727	-
	Revised current year contribution - Statement of Financial Performance	(169 251)	-
	Revised current year contribution - Prior Financial Year	-	-
	Revised prior period contributions to provision for rehabilitation of Landfill Site	(159 671)	(159 671)
	Total	42 514 032	44 371 134
44	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
	Surplus/(Deficit) for the year	7 495 055	(2 032 332)
	Adjustments for:		
	Depreciation and amortisation	1 756 003	1 821 687
	Impairments	49 426	135
	Contribution from/to provisions - Non-Current	179 407	169 251
	Contribution from/to Employee Benefits - Current	178 094	198 664
	Contribution from/to Employee Benefits - Current - Expenditure incurred	(123 677)	(206 629)
	Contribution from/to Employee Benefits - Non-Current	287 831	266 103
	Contribution from/to Employee Benefits - Non-Current - Expenditure incurred	(98 261)	(91 260)
	Contribution from/to Employee Benefits - Non-Current - Actuarial losses	474 957	-
	Contribution from/to Employee Benefits - Non-Current - Actuarial gains	-	-
	Contribution to provisions – Bad debt	1 575 267	2 696 483
	Bad Debt Written off	(4 838)	(5 148 877)
	Unamortised discount - Interest - Expenditure	451 718	498 930
	Investment income	(423 934)	(243 593)
	Interest paid	447 516	530 571
	Operating Surplus/(Deficit) before changes in working capital	12 244 565	(1 540 867)
	Changes in working capital	(3 957 428)	8 194 404
	Increase/(Decrease) in Trade and Other Payables	702 786	(755 937)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(2 776 365)	6 143 703
	Increase/(Decrease) in Taxes	(931 005)	(78 576)
	(Decrease)/increase in housing development fund	-	-
	(Increase)/Decrease in Inventory	(6 096)	(2 995)
	(Increase)/Decrease in Trade Receivables from exchange transactions	(1 114 536)	2 223 934
	(Increase)/Decrease in Other Receivables from non-exchange transactions	167 789	664 275
	Cash generated/(absorbed) by operations	8 287 137	6 653 536

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
45 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 25	5 021 424	7 222 729
Cash Floats - Note 25	100	100
Bank - Note 25	287 220	-
Bank Balance / (Bank overdraft) - Note 25	-	(729 687)
Total cash and cash equivalents	5 308 745	6 493 142
46 CASH RECONCILIATION		
Cash and Cash Equivalents - Note 25	5 308 745	6 493 142
Investments - Note 19	-	-
	5 308 745	6 493 142
Less:	6 132 077	8 907 726
Unspent Committed Conditional Grants - Note 11	6 117 999	8 894 364
Unspent Public Contribution - Note 12	-	-
VAT - Note 13	-	-
Cash Portion of Housing Development Fund - Note 2	14 078	13 362
Net cash resources available for internal distribution	(823 333)	(2 414 584)
Allocated to:		
Capital Replacement Reserve	-	-
Resources available for working capital requirements	(823 333)	(2 414 584)
47 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 4	490 792	971 985
Used to finance property, plant and equipment - at cost	(490 792)	(971 985)
	-	-
Cash set aside for the repayment of long-term liabilities		
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act		

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

48	BUDGET COMPARISONS	2011	2011	2011	2011
		R	R	R	
		(Actual)	(Budget)	(Variance)	(%)
48.1	Operational				
	Revenue by source				
	Property Rates	1 790 238	(2 386 340)	4 176 578	-175.02%
	Government Grants and Subsidies	29 211 620	44 647 640	(15 436 020)	-34.57%
	Public Contributions and Donations	260 382	500 000	(239 618)	-47.92%
	Fines	21 435	40 000	(18 565)	-46.41%
	Third Party Payments	-	-	-	0.00%
	Stock Adjustments	-	-	-	0.00%
	Actuarial Gains	-	-	-	0.00%
	Property Rates - Penalties & Collection Charges	-	-	-	0.00%
	Service Charges	5 723 992	12 668 990	(6 944 998)	-54.82%
	Rental of Facilities and Equipment	118 100	96 000	22 100	23.02%
	Interest Earned - External Investments	423 934	300 000	123 934	41.31%
	Interest Earned - Outstanding Debtors	617 326	452 000	165 326	36.58%
	Licences and Permits	24 265	16 200	8 065	49.79%
	Agency Services	104 707	100 000	4 707	4.71%
	Other Revenue	1 121 021	43 600	1 077 421	2471.15%
	Unamortised Discount - Interest	-	-	-	0.00%
	Dividends Received	-	-	-	0.00%
	Contributed PPE	-	2 453 250	(2 453 250)	-100.00%
		39 417 020	58 931 340	(19 514 320)	-19.84%
	Expenditure by nature				
	Employee related costs	(5 769 670)	(6 305 940)	536 270	-4.44%
	Remuneration of Councillors	(1 399 009)	(1 523 510)	124 501	-4.26%
	Debt Impairment	(1 575 267)	(1 570 080)	(5 187)	0.16%
	Collection costs	-	-	-	0.00%
	Increase in Provision for Rehabilitation of Landfill Site	-	(200 000)	200 000	-100.00%
	Depreciation and Amortisation	(1 756 003)	(1 482 550)	(273 453)	8.44%
	Impairments	(46 269)	-	(46 269)	100.00%
	Repairs and Maintenance	(1 015 061)	(1 038 560)	23 499	-1.14%
	Unamortised discount - Interest	(451 718)	(451 720)	2	0.00%
	Actuarial losses	(474 957)	-	(474 957)	0.00%
	Finance Charges	(447 516)	(275 340)	(172 176)	23.82%
	Bulk Purchases	(4 002 992)	(4 085 000)	82 008	-1.01%
	Contracted services	(210 313)	(220 000)	9 687	-2.25%
	Grants and Subsidies Paid	-	-	-	0.00%
	Donations	(47 702)	(49 500)	1 798	0.00%
	General Expenses	(14 725 487)	(22 934 290)	8 208 803	-21.80%
	Changes in Fair Value	-	-	-	0.00%
		(31 921 965)	(40 136 490)	8 214 525	-11.40%
	Other Gains/Losses				
	Loss on disposal of Property, Plant and Equipment	-	-	-	0.00%
	Gain on disposal of Property, Plant and Equipment	-	-	-	0.00%
		-	-	-	0.00%
	Net Surplus for the year	7 495 055	18 794 850	(11 299 795)	-42.98%

Details of material variances

Due to service providers not being able to deliver material on-time the housing projects were not completed and therefor the under expenditure occurred.

48.2 Expenditure by Vote

Executive and Council	(2 534 065)	(2 667 870)	133 805	-2.57%
Finance and Administration	(6 671 300)	(7 420 600)	749 300	-5.32%
Planning and Development	(209 230)	(650 130)	440 900	-51.31%
Community and Social Services	(2 600 508)	(2 748 360)	147 852	-2.76%
Housing	(7 815 540)	(13 986 420)	6 170 880	-28.30%
Public Safety	(7 082)	(35 500)	28 418	-66.74%
Sport and Recreation	(299 383)	(307 540)	8 157	-1.34%
Environmental Protection	-	-	-	0.00%
Waste Management	(1 948 778)	(1 903 520)	(45 258)	1.17%
Waste Water Management	(1 969 690)	(2 055 650)	85 960	-2.14%
Road Transport	(705 426)	(712 210)	6 784	-0.48%
Water	(4 640 716)	(4 381 870)	(258 846)	2.87%
Electricity	(3 553 557)	(3 709 300)	155 743	-2.14%
Other	(634 880)	(1 234 470)	599 590	-32.07%
Less Internal Charges	1 668 192	1 676 950	(8 758)	-0.26%
	(31 921 965)	(40 136 490)	8 214 525	-11.40%

Details of material variances

Due to service providers not being able to deliver material on-time the housing projects were not completed and therefor the under expenditure occurred.

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R (Actual)	2011 R (Budget)	2011 R (Variance)	2011 (%)
48.3 Capital expenditure by vote				
Executive and Council	352 705	364 000	(11 295)	-1.58%
Finance and Administration	103 000	2 453 250	(2 350 250)	0.00%
Planning and Development	-	-	-	0.00%
Community and Social Services	529 714	2 322 500	(1 792 786)	-62.86%
Housing	-	-	-	0.00%
Public Safety	-	-	-	0.00%
Sport and Recreation	44 341	-	44 341	0.00%
Environmental Protection	-	-	-	0.00%
Waste Management	-	-	-	0.00%
Waste Water Management	40 111	42 000	(1 889)	-2.30%
Road Transport	656 449	845 360	(188 911)	-12.58%
Water	7 284 354	13 287 000	(6 002 646)	-29.18%
Electricity	40 111	42 000	(1 889)	-2.30%
Other	-	-	-	0.00%
	<u>9 050 785</u>	<u>19 356 110</u>	<u>(10 305 325)</u>	<u>-110.79%</u>

Details of material variances

Under expenditure due to projects being rolled over to next financial year.

49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

49.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	4 871 701	-
Unauthorised expenditure current year	312 862	4 871 701
Approved by Council or condoned	(4 871 701)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>312 862</u>	<u>4 871 701</u>

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget for the current financial year - R312,862	

49.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	811 486	543 932
Fruitless and wasteful expenditure current year	-	273 098
Condoned or written off by Council	(811 486)	(5 544)
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>811 486</u>

Incident	Disciplinary steps/criminal proceedings
Interest paid to Supplier: Eskom - R4 139	Approved by council
Donations made not allowed in terms of the MFMA - R68,044	Approved by council
Legal Fees - R205,055 (2009: R538,388)	Approved by council
Additional payment to MD Paavo - R1 405	Approved by council

49.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	-	15 744 595
Irregular expenditure current year	-	-
Condoned or written off by Council	-	(15 744 595)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<u>-</u>	<u>-</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Incident		Disciplinary steps/criminal proceedings

50

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

50.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Opening balance	-	-
Council subscriptions	107 710	109 838
Amount paid - current year	(107 710)	(109 838)
Amount paid - previous years		
Balance unpaid (included in creditors)	-	-

50.2 **Audit fees - [MFMA 125 (1)(b)]**

Opening balance	1 401 530	1 375 690
Current year audit fee	999 809	523 341
External Audit - Auditor-General	999 809	523 341
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(270 034)	(497 501)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	2 131 305	1 401 530

50.3 **VAT - [MFMA 125 (1)(b)]**

Opening balance	402 914	
Amounts received - current year	(1 506 686)	
Amounts claimed - current year (payable)	2 437 691	
Amount paid - current year		
Amount paid - previous year		
Closing balance	1 333 919	402 914

50.4 **PAYE and UIF - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year payroll deductions	950 683	870 605
Amount paid - current year	(950 683)	(870 605)
Balance unpaid (included in creditors)	-	-

50.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	1 013 012	995 246
Amount paid - current year	(1 013 012)	(995 246)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

50.6 **Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2011:

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The following Councillors had arrear accounts for more than 90 days as at :

30th June 2010

	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor M. Groenewaldt	5 478	852	4 626
Councillor S.S. Brandt	2 116	543	1 573
Councillor J.J. Swartbooi	549	301	248
Councillor A..E. Diergaardt	7 596	913	6 683

	Highest Amount Outstanding	Ageing
Councillor M. Bruintjies	6 683	90 days +

The following Councillors had arrear accounts outstanding for more than 90 days during the year:

30th June 2011

	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor S. Magerman	4 231	635	3 596
Councillor A.J. Jonas	3 070	77	2 993
Councillor L.H. van Rooi	4 388	113	4 275
Councillor S. Basson	7 596	266	6 683
Councillor S. April	8 761	986	7 775

	Highest Amount Outstanding	Ageing
Councillor S. April	7 775	90 days +

50.7 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Springbok Motor Rewinds	51 721	-	-	-
W.J. van Zyl	-	168 792	-	-
KLK	120 398	-	-	-
Voltex	7 440	-	-	-
Viking Pony Africa Pumps	23 365	-	-	-
Andrag Agrico	57 150	-	-	-
Plant Serve Engineering	58 298	-	-	-
	<u>318 372</u>	<u>168 792</u>	<u>-</u>	<u>-</u>

50.8 Material losses - [MFMA 125 (2)(d)]

The following material distribution losses incurred during the year:

	2011 R	2010 R
Water (%)	<u>16.00</u>	<u>17.00</u>
Water (Rand Value)	<u>617 895</u>	<u>556 624</u>
Electricity (%)	<u>13.00</u>	<u>13.11</u>
Electricity (Rand Value)	<u>573 447</u>	<u>507 384</u>

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers. The cost to provide these services amounts to:

<u>743 744</u>	<u>722 380</u>
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KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
51	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	3 058 075	-
	Infrastructure	3 058 075	-
	Community	-	-
	Other	-	-
	Approved but not yet contracted for	-	-
	Infrastructure	-	-
	Community	-	-
	Other	-	-
	Total	3 058 075	-
	This expenditure will be financed from:		
	External Loans	-	-
	Government Grants	3 058 075	-
	Own Resources	-	-
	District Council Grants	-	-
		3 058 075	-
52	FINANCIAL RISK MANAGEMENT	2011 R	2010 R
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
	(a) Foreign Exchange Currency Risk		
	The municipality does not engage in foreign currency transactions.		
	(b) Price Risk		
	The municipality is not exposed to price risk.		
	(c) Interest Rate Risk		
	As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The municipality analyse its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
	The municipality did not hedge against any interest rate risks during the current year.		
	The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
	0.5% (2010 - 0.5%) Increase in interest rates	23 438	
	0.5% (2010 - 0.5%) Decrease in interest rates	(23 438)	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 20 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
Electricity	5.86%	306 276	1.12%	41 051
Water	46.33%	2 419 671	75.58%	2 760 467
Refuse	17.00%	887 666	10.93%	399 367
Sewerage	18.37%	959 508	8.20%	299 631
Taxes - Rates	12.44%	649 746	4.16%	151 923
	100.00%	5 222 868	100.00%	3 652 439

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2011 R	2010 R
Investments	-	-
Long Term Receivables	-	-
Trade receivables from exchange transactions	1 300 459	1 258 528
Other receivables from non-exchange transactions	1 041 614	1 707 227
Current Portion of Long-term Receivables	-	-
Short-term Investment Deposits	5 021 424	7 222 729
Bank and Cash Balances	287 320	100
Maximum Credit Risk Exposures	7 650 818	10 188 584

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(d) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2011	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long Term liabilities	25 992	88 806	-	-
Capital repayments	16 965	73 942	-	-
Interest	9 027	14 864	-	-
Trade and Other Payables	5 004 434	-	-	-
Unspent conditional government grants and receipts	6 117 999	-	-	-
	11 148 425	88 806	-	-
2010	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long Term liabilities	629 561	418 772	-	-
Capital repayments	588 905	408 904	-	-
Interest	40 657	9 867	-	-
Trade and Other Payables	4 301 648	-	-	-
Unspent conditional government grants and receipts	8 894 364	-	-	-
	13 825 574	418 772	-	-

53

FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>	2011 R	2010 R
Investments			
Fixed Deposits	Financial instruments at amortised cost	-	-
Long-term Receivables			
Staff Loans	Financial instruments at amortised cost	-	-
Consumer Debtors			
Trade receivables from exchange transactions	Financial instruments at amortised cost	1 300 459	1 258 528
Other receivables from non-exchange transactions	Financial instruments at amortised cost	1 041 614	1 707 227
Current Portion of Long-term Receivables			
Staff Loans	Financial instruments at amortised cost	-	-
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	5 021 424	7 222 729
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	287 220	-
Cash Floats and Advances	Financial instruments at amortised cost	100	100
Financial Liability	<u>Classification</u>		
Non-Current Liabilities			
Long-term Liabilities	Financial instruments at amortised cost	490 792	971 985
Current Liabilities			
Trade and other payables	Financial instruments at amortised cost	5 004 434	4 301 648
Unspent Conditional Grants	Financial instruments at amortised cost	6 117 999	8 894 364
Consumer Deposits	Financial instruments at amortised cost	59 290	54 448
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	-	729 687

KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
SUMMARY OF FINANCIAL ASSETS		
Financial instruments at amortised cost	7 650 818	10 188 584
	7 650 818	10 188 584
SUMMARY OF FINANCIAL LIABILITIES		
Financial instruments at amortised cost	11 672 515	14 952 132
	11 672 515	14 952 132

54 EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date that can affect the annual financial statements.

55 IN-KIND DONATIONS AND ASSISTANCE

None

56 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

57 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

58 CONTINGENT LIABILITY

The municipality is not aware of any contingent liabilities.

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KHAI-MA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

				2011 R	2010 R
59	RELATED PARTIES				
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.				
59.1	Related Party Transactions				
		Rates	Service Charges	Other	Outstanding Balances
	Year ended 30 JUNE 2011				
	Councillors	801	19 676	-	20 477
	Municipal Manager and Section 57 Employees	273	332	-	605
	Year ended 30 JUNE 2010				
	Councillors		15 739	-	15 739
	Municipal Manager and Section 57 Employees	619	1 463	-	2 082
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.				
59.2	Related Party Loans				
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 20 to the Annual Financial Statements.				
59.3	Compensation of key management personnel				
	The compensation of key management personnel is set out in note 35 to the Annual Financial Statements.				
59.4	Other related party transactions				
	The following purchases were made during the year where Councillors or staff have an				
	<u>Councillor/Staff Member</u>	<u>Entity</u>			
60	Process to comply fully with				
	The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a low capacity municipality and must comply with GRAP by 30 June 2012.				
61	Exemptions taken according to those in Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.				
61.1	GRAP 19 -Provisions, Contingent Liabilities and Contingent Assets				
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality measured all provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment.				
61.2	GRAP 100 -Non-current assets and discontinued operations				
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards:				

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

61.3 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise all the Investment Properties:

The municipality is currently in a process of identifying all Investment Properties and have it valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2012 financial statements.

Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:

Land with undetermined use;
Land;
Buildings; and
Land and Buildings.
Total not previously recognised now restated retrospectively

R	-	R	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

61.4 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;
Intangible assets financed by way of finance leases;
Intangible assets transferred as a result of the transfer of functions; and
Servitudes.

The municipality is currently in a process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2012 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:

Computer software;
Accumulated amortisation on computer software
Total not previously recognised now restated retrospectively

-	-
454 851	433 668
(68 156)	(5 539)
<u>454 851</u>	<u>428 129</u>

61.5 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following inventories:

Water;
Land held for sale; and
Other (list).

The municipality has identified all inventory which must be measured in terms of GRAP 12.

Since the previous reporting date the following inventories were measured in accordance with GRAP 12 and restated retrospectively:

Water;
Land held for sale; and
Consumable Stores

R	-	R	-
17 718	14 779		
1 041 500	1 051 850		
13 507	-		
<u>1 072 725</u>	<u>1 066 629</u>		

61.6 GRAP 17 - Property, Plant and Equipment

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 13

62 Going Concern

During the current financial year the Municipality experienced severe cash flow problems. This is due to the fact that the Municipality has a very small income base because of the severe number of unemployed households within the region. The Municipality is dependant on grant funding due to the small income base. Should the Equitable Share not be increased substantially in the future, the Municipality will be faced with serious going concern problems.

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KHAI-MA MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15 PROPERTY, PLANT AND EQUIPMENT

	Cost/Revaluation									Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Correction of Error	Additions	Revaluation	Impairments	Under Construction	Write-off	Closing Balance	Opening Balance	Correction of Error	Additions	Revaluation	Impairments	Closing Balance	
Land and Buildings																
Land	26 878 339		-	-	103 000	-	-	-	26 981 339	-	-	-	-	-	-	26 981 339
Buildings	1 923 725			-	-	(15 622)	-	-	1 908 103	252 786	-	71 149	-	(5 098)	318 837	1 589 266
	28 802 064		-	-	103 000	(15 622)	-	-	28 889 442	252 786	-	71 149	-	(5 098)	318 837	28 570 605
Infrastructure																
Roads and Streets	2 341 122			510 289	-	(14 290)	146 160	-	2 983 280	788 192	-	96 428	-	(784)	883 837	2 099 443
Security Measures	20 121			218 386	-	-	-	-	238 508	5 763	-	1 873	-	-	7 637	230 871
Beach Improvements	-			-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains and Purification	3 575 980			-	-	-	40 111	-	3 616 091	718 593	-	74 183	-	-	792 776	2 823 315
Electricity mains	3 858 106			-	-	-	40 111	-	3 898 216	1 068 255	-	79 899	-	-	1 148 154	2 750 062
Electricity Peak Load equipment	-			-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	11 038 778			6 373	-	(1 677)	7 249 472	-	18 292 946	4 751 312	-	235 501	-	(1 677)	4 985 135	13 307 810
	20 834 107		-	735 049	-	(15 968)	7 475 853	-	29 029 041	7 332 116	-	487 884	-	(2 461)	7 817 539	21 211 501
Community Assets																
Libraries	-		-	-	-	-	85 306	-	85 306	-	-	-	-	-	-	85 306
Recreation Grounds	6 342 735		-	-	-	-	-	-	6 342 735	567 573	-	138 998	-	-	706 571	5 636 164
Fire, Safety and Emergency	59 222		-	-	-	-	-	-	59 222	2 903	-	8 796	-	-	11 698	47 524
Care Centre	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics and Hospitals	3 407 474		-	-	-	(295 000)	209 274	-	3 321 748	663 790	-	126 073	-	(295 000)	494 863	2 826 885
Community Centres	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Conveniences	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	9 809 431		-	-	-	(295 000)	294 580	-	9 809 011	1 234 266	-	273 867	-	(295 000)	1 213 132	8 595 878
Heritage Assets																
Historical Buildings	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	59 445 602		-	735 049	103 000	(326 590)	7 770 433	-	67 727 494	8 819 167	-	832 900	-	(302 559)	9 349 509	58 377 985

KHAI-MA MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Cost									Accumulated Depreciation						Carrying
	Opening Balance	Transfers	Correction of Error	Additions	Revaluation	Impairments	Under Construction	Write-off	Closing Balance	Opening Balance	Correction of Error	Additions	Revaluation	Impairments	Closing Balance	Value
Total brought forward	59 445 602		-	735 049	103 000	(326 590)	7 770 433	-	67 727 494	8 819 167	-	832 900	-	(302 559)	9 349 509	58 377 985
Housing Rental Stock																
Housing Rentals	-			-					-	-	-	-		-	-	-
Housing	-			-					-	-	-	-		-	-	-
	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased Assets																
Office Equipment	114 399		-	99 990	-	(114 399)	-	-	99 990	110 586		11 666		(110 585)	11 666	88 324
	114 399		-	99 990	-	(114 399)	-	-	99 990	110 586	-	11 666	-	(110 585)	11 666	88 324
Other Assets																
Landfill Sites	2 673 267		-	-	-	(12 081)	-	-	2 661 186	762 805		380 773	-	(3 071)	1 140 508	1 520 678
Office Equipment	280 156		-	48 375	-	(10 702)	-	-	317 829	100 322		45 678	-	(6 544)	139 456	178 373
Furniture and Fittings	234 079		-	22 851	-	-	-	-	256 931	66 116		21 182	-	-	87 297	169 633
Bins and Containers	224		-	54	-	-	-	-	278	96		37	-	-	133	145
Emergency equipment	10 207		-	-	-	-	-	-	10 207	4 391		1 454	-	-	5 845	4 362
Motor Vehicles	2 465 183		-	-	-	-	-	-	2 465 183	977 972		303 556	-	-	1 281 528	1 183 655
Plant and Equipment	396 861		-	97 804	-	-	-	-	494 665	147 220		53 819	-	-	201 039	293 625
Computer Equipment	200 658		-	173 229	-	(7 465)	-	-	366 423	3 455		41 882	-	(1 244)	44 093	322 330
	6 260 634		-	342 314	-	(30 247)	-	-	6 572 701	2 062 377	-	848 382	-	(10 859)	2 899 900	3 672 801
Total Property, Plant and Equipment	65 820 635		-	1 177 352	103 000	(471 236)	7 770 433	-	74 400 185	10 992 130	-	1 692 947	-	(424 003)	12 261 074	62 139 111

KHAI-MA MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Cost/Revaluation									Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Correction of Error	Additions	Revaluation	Impairments	Under Construction	Write-off	Closing Balance	Opening Balance	Correction of Error	Additions	Revaluation	Impairments	Closing Balance	
Land and Buildings																
Land	24 430 195	(5 100)	2 453 244	-	-	-	-	-	26 878 339	-	-	-	-	-	-	26 878 339
Buildings	1 847 309	76 417	-	-	-	-	-	-	1 923 725	157 164	11 333	84 289	-	-	252 786	1 670 940
	26 277 504	71 317	2 453 244	-	-	-	-	-	28 802 064	157 164	11 333	84 289	-	-	252 786	28 549 279
Infrastructure																
Roads and Streets	2 879 401	-	(1 015 920)	-	-	-	477 641	-	2 341 122	1 114 904	(414 202)	87 490	-	-	788 192	1 552 929
Security Measures	20 121	-	-	-	-	-	-	-	20 121	9 157	(7 086)	3 693	-	-	5 763	14 358
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains and Purification	3 481 399	-	-	93 225	-	-	1 355	-	3 575 980	825 992	(268 520)	161 121	-	-	718 593	2 857 387
Electricity mains	2 840 828	-	1 015 922	-	-	-	1 355	-	3 858 106	1 716 569	(759 304)	110 990	-	-	1 068 255	2 789 851
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	10 715 379	-	-	40 850	-	-	282 550	-	11 038 778	7 617 910	(3 154 451)	287 852	-	-	4 751 312	6 287 466
	19 937 129	-	2	134 075	-	-	762 901	-	20 834 107	11 284 533	(4 603 563)	651 146	-	-	7 332 116	13 501 991
Community Assets																
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	6 337 635	5 100	-	-	-	-	-	-	6 342 735	428 576	-	138 998	-	-	567 573	5 775 161
Fire, Safety and Emergency	-	-	-	59 222	-	-	-	-	59 222	-	-	2 903	-	-	2 903	56 319
Care Centre	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics and Hospitals	3 288 983	(76 417)	-	194 907	-	-	-	-	3 407 474	545 606	-	118 183	-	-	663 790	2 743 684
Community Centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Conveniences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	9 626 618	(71 317)	-	254 129	-	-	-	-	9 809 431	974 182	-	260 083	-	-	1 234 266	8 575 165
Heritage Assets																
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	55 841 251	0	2 453 246	388 205	-	-	762 901	-	59 445 602	12 415 879	(4 592 230)	995 518	-	-	8 819 167	50 626 435

KHAI-MA MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Cost									Accumulated Depreciation						Carrying	
	Opening Balance	Transfers	Correction of Error	Additions	Revaluation	Impairments	Under Construction	Write-off	Closing Balance	Opening Balance	Correction of Error	Additions	Revaluation	Impairments	Closing Balance	Value	
Total brought forward	55 841 251	0	2 453 246	388 205	-	-	762 901	-	59 445 602	12 415 879	(4 592 230)	995 518	-	-	8 819 167	50 626 435	
Housing Rental Stock																	
Housing Rentals	-	-							-	-	-	-		-	-	-	
Housing	-	-							-	-	-	-		-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Leased Assets																	
Office Equipment	114 399	-	-	-	-	-	-	-	114 399	87 706		22 880			-	110 586	3 813
	114 399	-	-	-	-	-	-	-	114 399	87 706	-	22 880	-	-	-	110 586	3 813
Other Assets																	
Landfill Sites	12 081	-	2 661 186	-	-	-	-	-	2 673 267	1 863	760 339	604	-	-	762 805	1 910 462	
Office Equipment	235 739	-		44 417	-		-	-	280 156	62 488	-	37 834	-	-	100 322	179 834	
Furniture and Fittings	241 259	-	-	-	-	(7 180)	-	-	234 079	52 768	-	20 392	-	(7 045)	66 116	167 964	
Bins and Containers	224	-	-	-	-	-	-	-	224	64	-	32	-	-	96	128	
Emergency equipment	10 207	-	-	-	-	-	-	-	10 207	2 937	-	1 454	-	-	4 391	5 816	
Motor Vehicles	2 465 183	-	-	-	-	-	-	-	2 465 183	674 415	-	303 556	-	-	977 972	1 487 211	
Plant and Equipment	383 887	-	-	12 974	-	-	-	-	396 861	106 416	(7 923)	48 727	-	-	147 220	249 640	
Computer Equipment	-	-	-	200 658	-	-	-	-	200 658	-		3 455	-	-	3 455	197 203	
	3 348 580	-	2 661 186	258 049	-	(7 180)	-	-	6 260 634	900 951	752 416	416 055	-	(7 045)	2 062 377	4 198 258	
Total Property, Plant and Equipment	59 304 229	0	5 114 432	646 253	-	(7 180)	762 901	-	65 820 635	13 404 535	(3 839 814)	1 434 453	-	(7 045)	10 992 130	54 828 506	

KHAI-MA MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

The leased property, plant and equipment is secured as set out in Note 5.

Land and Buildings were revalued on 1 July 2008 by an independent valuer, Vuladata. Fair values were determined by reference to observable prices in the active market or recent market transactions on arm's length transactions.

The book value of Property, Plant and Equipment would have been R57,994,298 on 30 June 2011, if no revaluation took place.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Property, Plant and Equipment financed by way of finance leases;

Property, Plant and Equipment financed by way of provisions;

Property, Plant and Equipment transferred as a result of the transfer of functions; and

Componentised infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2012 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2012. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.

APPENDIX A
KHAI-MA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LONG-TERM LOANS									
Stock Loan				-	-	-	-	-	-
Total Long-term Loans				-	-	-	-	-	-
ANNUITY LOANS									
Administration/Finance Loan				-	-	-	-	-	-
ABSA	14.00%	SR Pofadder	30/06/2012	41 014	-	19 123	21 892	-	-
DBSA	5.00%	NC102355.1.	29/02/2012	921 952	-	543 958	377 994	-	-
Total Annuity Loans				962 966	-	563 081	399 885	-	-
GOVERNMENT LOANS									
Other				-	-	-	-	-	-
Total Government Loans				-	-	-	-	-	-
LEASE LIABILITY									
Capitalised Lease Liability	10.72%	MP 2851 Copier	2010/12/01	-	59 995	5 466	54 529	52 996	-
Capitalised Lease Liability	11.02%	MP 2000 Copier	2010/12/01	-	39 995	3 617	36 378	35 329	-
AOT FINANCE	7.46%	GESTETNER DMS622	2010/10/31	9 019	-	9 019	-	-	-
Total Lease Liabilities				9 019	99 990	18 102	90 907	88 325	-
TOTAL EXTERNAL LOANS				971 985	99 990	581 183	490 792	88 325	-

APPENDIX B
KHAI-MA MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation							Accumulated Depreciation						Carrying Value
	Opening Balance	Correction of Error	Additions	Revaluation	Under Construction	Impairments	Closing Balance	Opening Balance	Correction of Error	Additions	Disposals	Impairments	Closing Balance	
Executive & Council	1 064 298	-	352 705	-	-	(132 565)	1 284 439	359 553	-	145 102	-	(118 374)	386 282	898 157
Budget & Treasury Office	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Services	24 456 919	2 453 244	103 000	-	-	-	27 013 163	12 026	-	1 336	-	-	13 362	26 999 801
Planning & Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	7 451 287	-	235 134	-	294 580	-	7 981 002	1 604 776	4 247	522 713	-	-	2 131 736	5 849 266
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport & Recreation	6 416 635	-	44 341	-	-	-	6 460 976	572 328	-	141 119	-	-	713 447	5 747 529
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	116 468	2 661 186	-	-	-	(27 703)	2 749 951	41 527	752 416	387 878	-	(8 168)	1 173 652	1 576 298
Waste Water Management	3 890 837	0	-	-	40 111	(295 000)	3 635 947	1 290 718	(268 520)	74 845	-	(295 000)	802 043	2 833 905
Road Transport	3 370 015	(1 015 920)	510 289	-	146 160	(14 290)	2 996 254	1 202 827	(414 202)	99 023	-	(784)	886 864	2 109 390
Water	11 090 261	0	34 883	-	7 249 472	(1 677)	18 372 938	7 910 543	(3 154 451)	239 822	-	(1 677)	4 994 237	13 378 700
Electricity	2 849 483	1 015 922	-	-	40 111	-	3 905 515	1 837 647	(759 304)	81 109	-	-	1 159 451	2 746 064
	60 706 203	5 114 432	1 280 352	-	7 770 433	(471 236)	74 400 185	14 831 944	(3 839 814)	1 692 947	-	(424 003)	12 261 074	62 139 111

APPENDIX C
KHAI-MA MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2010	Correction of error	Restated balance 1 JULY 2010	Contributions during the year	Interest on Investments	Trade Receivables	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT Recognised as Income	Repaid to NT	Balance 30 JUNE 2011
	R	R	R	R	R	R	R	R	R	R	R
TRUST FUNDS											
DWAF (Donorfunds)	-		-	26 463	-		-	23 213	3 250		-0
Namakwa Distriks Munisipaliteit- Repair of Pumps	-		-	-	-		-	160 442	19 664	-	64 318
Department of Housing and Local Government-Operating	244 425		244 425	-	-		-	297 982			404 685
Namakwa District Municipality - Job Creation	-		-	651 469	-	-250 000	198 801	510 289			452
Namakwa District Municipality - Capital	510 741		510 741	-	-		-				-
DPLG - Equitable share	-		-	9 566 229	-		9 566 229				-
Finance Management Grant	628 502		628 502	3 000 000	-		2 438 625	120 309	16 843	-628 502	424 223
Municipal System Improvement Grant	629 941		629 941	750 000	-		60 935	63 859	8 940	-629 941	616 265
Department Sport Arts and Culture - Library Development	159 724		159 724	320 000	-		206 959	95 257	7 854	-159 724	9 931
Provincial Infrastructure Grant	6 750		6 750	-	-		-				6 750
Munisipal Infrastructure Grant- National	6 633 471		6 633 471	6 301 000	-		52 000	7 209 361	996 847	-	4 676 263
COHSTRA: Project NALA	-		-	300 000	-		7 390	106 050	10 471	-	176 089
Department Environmental Affairs and Conservation	41 764		41 764	-	-		-				41 764
Department of Housing and Local Government - Housing	5 115		5 115	7 555 093	-		7 815 540				-255 332
LGSETA	24 751		24 751	-	-		-				24 751
DPLG - EPWP	-		-	197 036	-		263 871	14 508	-		-81 343
DBSA Grant	-		-	-	-		-				-
Namakwa Diamond Fund Trust	9 181		9 181	-	-		-				9 181
Total	8 894 364	-	8 894 364	28 667 290	-	(250 000)	20 610 350.37	8 601 269.87	1 063 868.36	-1 418 166.57	6 117 999
PUBLIC CONTRIBUTIONS											
Black Mountain - Vedanta	-		-	265 511	-	-	41 995	218 386	5 129	-	0
	-		-	-	-	-	-	-	-	-	-
	-	-	-	265 511	-	-	41 995	218 386	5 129	-	0

APPENDIX D
KHAI-MA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
797 145	(2 389 290)	(1 592 145)	Executive and Council	260 264	(2 534 065)	(2 273 801)
3 709 349	(5 105 778)	(1 396 429)	Finance and Administration	4 958 378	(6 671 300)	(1 712 922)
13 763	(334 297)	(320 534)	Planning and Development	16 836	(209 230)	(192 394)
2 094 521	(2 601 070)	(506 550)	Community and Social Services	2 398 561	(2 600 508)	(201 947)
206 015	(206 015)	-	Housing	7 815 540	(7 815 540)	-
-	(6 052)	(6 052)	Public Safety	-	(7 082)	(7 082)
7 282	(361 590)	(354 308)	Sport and Recreation	48 220	(299 383)	(251 164)
-	-	-	Environmental Protection	-	-	-
439 178	(1 528 124)	(1 088 947)	Waste Management	492 712	(1 948 778)	(1 456 066)
737 355	(1 851 461)	(1 114 106)	Waste Water Management	724 534	(1 969 690)	(1 245 156)
633 164	(549 734)	83 430	Road Transport	829 721	(705 426)	124 295
1 999 855	(4 925 894)	(2 926 039)	Water	10 172 503	(4 640 716)	5 531 787
2 935 324	(2 895 360)	39 963	Electricity	3 404 217	(3 553 557)	(149 340)
8 178 037	(716 435)	7 461 602	Other	9 963 725	(634 880)	9 328 845
21 750 987	(23 471 101)	(1 720 114)	Sub Total	41 085 212	(33 590 156)	7 495 055
(1 626 756)	1 626 756	-	Less Inter-Departmental Charges	(1 668 192)	1 668 192	-
20 124 231	(21 844 345)	(1 720 114)	Total	39 417 020	(31 921 965)	7 495 055

APPENDIX E(1)
KHAI-MA MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	1 790 238	(2 386 340)	4 176 578	-175.02%	
Government Grants and Subsidies	29 211 620	44 647 640	(15 436 020)	-34.57%	
Public Contributions and Donations	260 382	500 000	(239 618)	-47.92%	
Fines	21 435	40 000	(18 565)	-46.41%	
Third Party Payments	-	-	-	0.00%	
Stock Adjustments	-	-	-	0.00%	
Actuarial Gains	-	-	-	0.00%	
Property Rates - Penalties & Collection Charges	-	-	-	0.00%	
Service Charges	5 723 992	12 668 990	(6 944 998)	-54.82%	
Rental of Facilities and Equipment	118 100	96 000	22 100	23.02%	
Interest Earned - External Investments	423 934	300 000	123 934	41.31%	
Interest Earned - Outstanding Debtors	617 326	452 000	165 326	36.58%	
Licences and Permits	24 265	16 200	8 065	49.79%	
Agency Services	104 707	100 000	4 707	4.71%	
Other Revenue	1 121 021	43 600	1 077 421	2471.15%	
Unamortised Discount - Interest	-	-	-	0.00%	
Dividends Received	-	-	-	0.00%	
Contributed PPE	-	2 453 250	(2 453 250)	-100.00%	
Gains on Disposal of PPE	-	-	-	0.00%	
Total Revenue	39 417 020	58 931 340	(19 514 320)	22	
EXPENDITURE					
Executive and Council	(2 534 065)	(2 667 870)	133 805	-5.02%	
Finance and Administration	(6 671 300)	(7 420 600)	749 300	-10.10%	
Planning and Development	(209 230)	(650 130)	440 900	-67.82%	
Community and Social Services	(2 600 508)	(2 748 360)	147 852	-5.38%	
Housing	(7 815 540)	(13 986 420)	6 170 880	-44.12%	
Public Safety	(7 082)	(35 500)	28 418	-80.05%	
Sport and Recreation	(299 383)	(307 540)	8 157	-2.65%	
Environmental Protection	-	-	-	0.00%	
Waste Management	(1 948 778)	(1 903 520)	(45 258)	2.38%	
Waste Water Management	(1 969 690)	(2 055 650)	85 960	-4.18%	
Road Transport	(705 426)	(712 210)	6 784	-0.95%	
Water	(4 640 716)	(4 381 870)	(258 846)	5.91%	
Electricity	(3 553 557)	(3 709 300)	155 743	-12.62%	
Other	(634 880)	(1 234 470)	599 590	35.75%	
Less Internal Charges	1 668 192	1 676 950	(8 758)	0.02%	
Total Expenditure	(31 921 965)	(40 136 490)	8 214 525	(2)	
SURPLUS / (DEFICIT) FOR THE YEAR	7 495 055	18 794 850	(11 299 795)	20	

APPENDIX E (2)
KHAI-MA MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
MUNICIPAL VOTES CLASSIFICATION

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive and Council	352 705	-	352 705	364 000	(11 295)	-3.10%	Project delayed due to unappropriated tender procedures
Finance and Administration	-	-	-	2 453 250	(2 453 250)	0.00%	
Planning and Development	-	-	-	-	-	0.00%	
Community and Social Services	529 714	-	529 714	2 322 500	(1 792 786)	-77.19%	
Housing	-	-	-	-	-	0.00%	
Public Safety	-	-	-	-	-	0.00%	
Sport and Recreation	-	-	-	-	-	0.00%	Project delayed due to unappropriated tender procedures
Environmental Protection	-	-	-	-	-	0.00%	
Waste Management	44 341	-	44 341	-	44 341	0.00%	
Waste Water Management	40 111	-	40 111	42 000	(1 889)	-4.50%	Project delayed due to unappropriated tender procedures
Road Transport	656 449	-	656 449	845 360	(188 911)	-22.35%	Project delayed due to unappropriated tender procedures
Water	7 284 354	-	7 284 354	13 287 000	(6 002 646)	-45.18%	Project delayed due to unappropriated tender procedures
Electricity	40 111	-	40 111	42 000	(1 889)	-4.50%	Project delayed due to unappropriated tender procedures
Other	-	-	-	-	-	0.00%	
Total	8 947 785	-	8 947 785	19 356 110	(10 408 325)		